

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

HB 412 - SB 382

February 16, 2009

SUMMARY OF BILL: Requires owners of motor vehicles, whether individuals or dealers, to provide to the Department of Revenue within five business days after the sale or transfer of any motor vehicle the date of such sale or transfer, the name and address of the owner and transferee, a description of the vehicle including the vehicle identification number (VIN), and the actual mileage of the vehicle.

ESTIMATED FISCAL IMPACT:

On February 11, 2009, we issued a fiscal note for this bill indicating a one-time increase to state expenditures of \$406,100 and an increase to recurring state expenditures of \$3,391,400 per year. Additional information was received from the Department of Revenue on February 13, 2009. As a result of this new information, the fiscal impact for this bill is as follows:

(CORRECTED)

**Increase State Expenditures - \$310,800/One-Time
\$3,072,100/Recurring**

Assumptions:

- According to the Department of Revenue (DOR), this bill will require the department to track the transfer or sale of Tennessee vehicles. This includes all regular (normal) titles, rebuilt vehicles, salvage, and non-repairable vehicles.
- According to DOR, the department would need two new Revenue Accounting Technicians in the Special Investigations Division, 25 new Taxpayer Services Representative 1 positions in the Vehicle Services Division, and 17 new positions in the Information Processing Division (44 total).
- The increase to recurring state expenditures for the 44 new positions is estimated to be \$2,075,100 per year (\$1,049,900 salaries, \$756,000

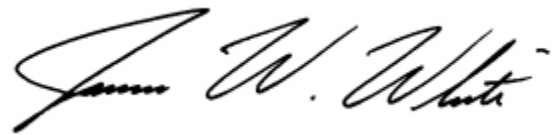
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benefits, \$269,200 other).

- According to DOR, the Anti-Theft Unit of Special Investigations Division processes approximately 1,000,000 applications per year concerning rebuilt, salvage, and non-repairable vehicles. The information specified in this bill will have to be reported to DOR. As a result, there will be a recurring increase to state expenditures for form development, printing, and postage each year. The total cost associated with the forms is estimated to be \$0.91 each. Therefore, the recurring increase to state expenditures is estimated to be \$910,000 per year ($1,000,000 \times \$0.91 = \$910,000$).
- A recurring increase to state expenditures of approximately \$87,000 for computer and software upgrades, server space, and data retrieval costs for approximately 2,250,000 images per year.
- The total increase to recurring state expenditures is estimated to be \$3,072,100 per year ($\$2,075,100 + \$910,000 + \$87,000 = \$3,072,100$).
- The increase to one-time state expenditures associated with the 44 new positions is estimated to be \$215,600 (computers, software, telecommunications, supplies, equipment, office space, etc.).
- The increase to one-time state expenditures for computer and software modifications are estimated to be \$95,200.
- The total increase to one-time state expenditures is estimated to be \$310,800 ($\$215,600 + \$95,200 = \$310,800$).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc